

Full/Alternative Documentation:

Property Type	Maximum LTV	Maximum CLTV	Maximum HCLTV	Loan Amounts	MI Coverage	Minimum Cr. Score	AUS Response
1-unit Condo PUD Mfd.home	80%	80% ¹	80%	<u>Minimum:</u> \$20,000 <u>Maximum:</u> <u>Max.</u> <u>conforming</u> <u>loan limit</u>	N/A	N/A	Approve/ Eligible Or Accept

Term & Product Code:

Ten (TXE10), fifteen (TXE15), twenty (TXE20) or thirty (TXE30) year

Summary:

Provisions relating to fixed rate, first lien, refinance mortgage loans originated pursuant to Section 50(a)(6), article XVI of the Texas Constitution.

AmericaHomeKey also offers a Texas homestead cash-out refinance option on our Fannie Mae Expanded Approval program, and on the AmericaHomeKey 3/1, 5/1 & 7/1 Delayed ARM program. Homestead cash-out transactions on those products must follow the loan amount and credit guidelines allowed by those products along with all of the additional requirements set out below.

Eligible Homesteads:

- Homesteads located in urban areas must be no larger than ten (10) acres, and may consist of one (1) or more contiguous lots, together with any improvements thereon. A homestead is considered to be urban if the property is:
 - Located within the limits of a municipality or its extraterritorial jurisdiction or a platted subdivision; and,
 - Served by police protection, paid or volunteer fire protection, and at least three (3) of the following services provided by a municipality or under contract to a municipality: (a) electric; (b) natural gas; (c) sewer; (d) storm sewer; and (e) water.
- Homesteads in rural areas shall consist of:
 - For a family, not more than two hundred (200) acres, which may be in one or more parcels, with the improvements thereon; or,
 - For a single, adult person not otherwise entitled to a homestead, not more than one hundred (100) acres, which may be in one or more parcels, with the improvements thereon.

Eligible Property Types:

- 1-unit detached or attached residence
- Condominium (Fannie Mae/Freddie Mac warrantable)
- Planned Unit Development (PUD) (Fannie Mae/Freddie Mac warrantable)
- Manufactured homes per Fannie Mae/Freddie Mac guidelines

Underwriting:

All loans must meet the parameters as set out in AmericaHomeKey current Residential Underwriting Guidelines.

- *Notice Concerning Extensions of Credit Defined by Section 50(a)(6), Article XVI, Texas constitution* will be a “prior to close” condition.

¹ Maximum LTV of first mortgage for loans with subordinate financing is 75%.

- Non-occupant co-borrowers are not allowed. All borrowers must occupy the subject property as their primary residence.
- Refinances of prior Texas home equity loans must also, according to Texas law, be considered as a home equity loan, and subject to all of the terms and conditions of this product, even if no new equity is withdrawn from the property. Such loans must be underwritten, priced and closed as Texas Homestead Cash-out loans.
- Borrowers may only obtain one (1) Texas home equity loan in any twelve (12) month period.

Temporary Buydowns:

- Not allowed

“Cooling Off Period”:

- Each loan requires a “cooling off” period of at least twelve (12) days prior to closing. The “cooling off” period begins from the latter of the application date or the date all Borrowers/owners/spouses sign the *Notice Concerning Extensions of Credit Defined by Section 50(a)(6), Article XVI, Texas Constitution*.

Title Insurance:

- A commitment of title insurance must be provided on Form T-2 and must include all standard endorsements plus the following:
 - Equity Loan Mortgage Endorsement (Form T-42)
 - Supplemental Coverage Equity Loan Mortgage Endorsement (Form T-42.1)

Mortgage Insurance:

- Not required

Fees::

- **Borrowers not be charged in excess of three percent (3%) of the loan amount in total fees**, which includes fees paid to third parties for services performed (e.g. appraisal fees, title insurance premiums, etc.). The 3% fee cap does not include lender-paid fees, homeowner’s insurance premiums, flood insurance premiums, property taxes, escrows for homeowner’s insurance, flood insurance and property taxes, late charges, odd days interest or discount points.
- AmericaHomeKey waives its standard fees. Fees for this program are \$160 Administration and \$125 Document Prep.

Closing:

- **Closings may only take place at the office of an attorney-at-law, or a title company.** Powers of attorney and mail-away signatures are not acceptable.
- **No one shall be required to sign any document in which blanks are left to be filled in.** At closing, each person MUST be given copies of all documents they have signed, and must sign an acknowledgement stating so, as well as acknowledging that they received the *Notice concerning Extensions of Credit defined by Section 50a)(6), Article XVI, Texas Constitution* at least twelve (12) days prior to closing.

Closing Documentation:

- Texas Home Equity Security Instrument – Fannie/Freddie Form #3044.1
- Texas Home Equity Note – Fannie/Freddie Form #3244.1
- Texas Home Equity Affidavit and Agreement – Fannie/Freddie Form #3185
- Affidavit of Fair Market Value of Homestead Property, with appraisal attached
- Title commitment (Form T-2) with applicable endorsement
- Notice of Right to Rescind Texas Home Equity Loan (state)
- Notice of Right to Cancel (federal)
- Acknowledgment of Receipt of Documents

If applicable:

- Texas Home Equity Condominium Rider – Fannie/Freddie Form #3140.44
- Texas Home Equity Planned Unit Development Rider – Fannie/Freddie Form #3150.44

For Texas primary residence cash-out loans that close under the Fannie Mae Expanded Approval program, the fixed rate docs listed above are required. The Timely Payment Rewards (TPR) feature is unavailable for this program.

For ARM options, please see AmericaHomeKey specific product guidelines.

After Closing:

- The Texas three (3) day right of rescission and Federal three (3) day right of rescission must run after closing. The Texas three (3) day right of rescission refers to calendar days, while the Federal three (3) day right of rescission refers to business days. Therefore, compliance with the Federal rescission period satisfies the Texas rescission period.
- After the rescission period has passed and the loan has disbursed, the closing package must be sent to AmericaHomeKey's office in Dallas, Texas. Files must be delivered within 24 hours of funding.